

Montana Economy at a Glance



PAYROLL EMPLOYMENT BY INDUSTRY

In Thousands - Seasonally Adjusted

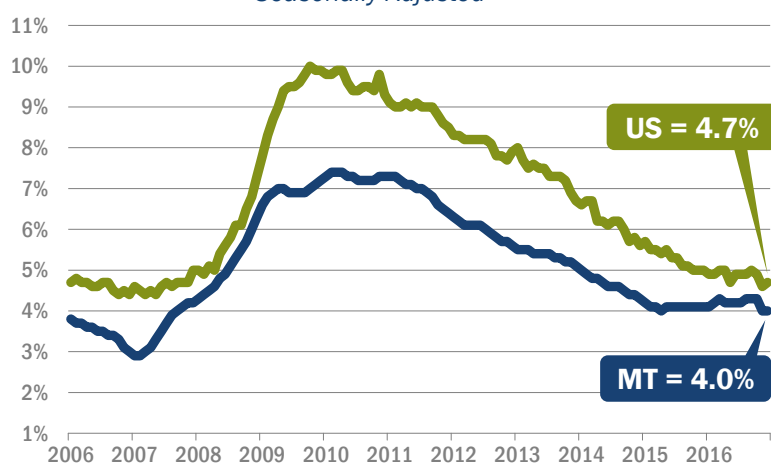
Industry	Dec. 2016 (prelim)	Nov. 2016	Net Change	% Change
Total Non-Ag Employment	465.3	466.8	-1.5	-0.3%
Natural Resources & Mining	7.4	7.3	0.1	1.4%
Construction	25.9	26.9	-1.0	-3.7%
Manufacturing	20.0	19.6	0.4	2.0%
Trade, Transportation, & Utilities	94.0	94.2	-0.2	-0.2%
Information	6.3	6.3	0.0	0.0%
Financial Activities	24.8	24.9	-0.1	-0.4%
Professional & Business Services	41.4	41.1	0.3	0.7%
Education & Health Services	74.8	74.3	0.5	0.7%
Leisure & Hospitality	63.1	64.4	-1.3	-2.0%
Other Services	17.6	17.6	0.0	0.0%
Total Government	90.0	90.2	-0.2	-0.2%

Excludes self-employed and agricultural employment

Montana's total non-agricultural payroll employment decreased by 1,500 jobs over the month, for a total of 465,300.

UNEMPLOYMENT RATE

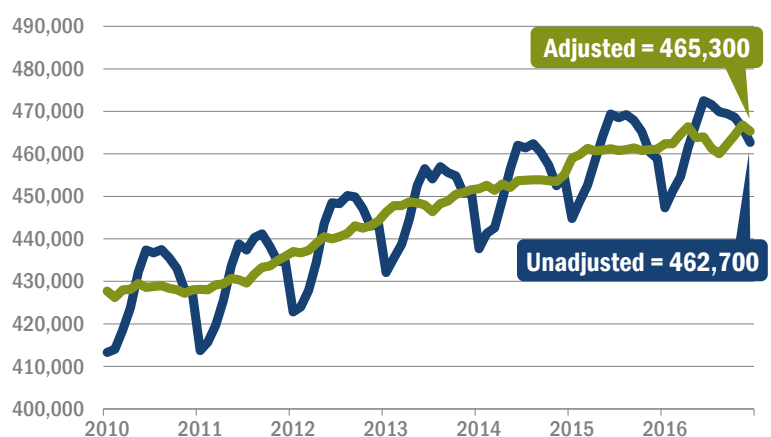
Seasonally Adjusted



Montana's unemployment rate for December 2016 held steady over the month, remaining at 4.0%. The U.S. rate increased slightly, moving to 4.7% from November's rate of 4.6%.

NON-AGRICULTURAL EMPLOYMENT

In Thousands



Montana Department of
LABOR & INDUSTRY

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The Economic Contribution of Montana's Nonprofits

By Emily Klungtvedt, Economist



There are over 2,000 nonprofit establishments throughout Montana. These nonprofits have a wide range of purposes that are ultimately intended to benefit the community. Think of United Way, the Humane Society, or Habitat for Humanity as a few examples among many. Many individuals receive the benefits of nonprofits, perhaps without even realizing it. Consider the enjoyment of the symphony, the theater, or a museum. These art and entertainment organizations are often nonprofits. Or consider education at a private school. Nongovernment educational institutions are also often nonprofits, as are many healthcare facilities and religious organizations.

The public benefit nonprofits provide in Montana is supported by many individuals who donate to their cause. And while the public benefit is enough in itself to keep supporting them, nonprofits also provide an economic benefit in terms of jobs created and wages paid. For example, nonprofits provided over 51,000 jobs and paid over \$2.1 billion in wages in 2015. This article takes a closer look at the economic benefits of nonprofits in the Montana labor market.¹

Nonprofits in Montana's Economy

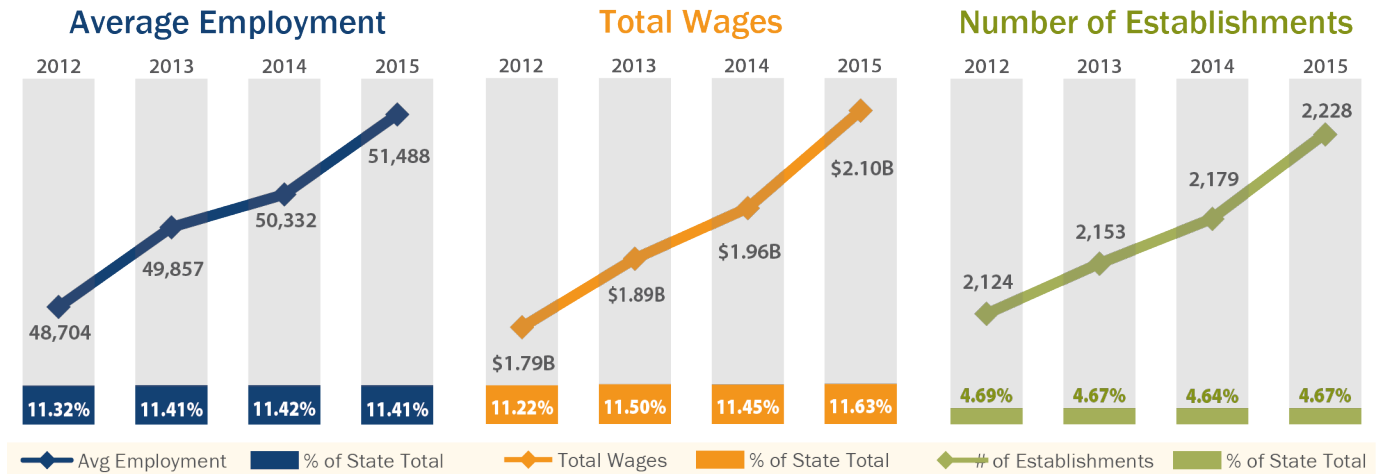
With 2,228 nonprofit establishments in Montana, nonprofits make up a relatively small percentage of all Montana establishments, at 4.7% (including all private and public establishments). However, these establishments make up over 11% of employment and wages in Montana.

In 2015, nonprofits provided 51,488 jobs and paid just over \$2.1 billion in wages (see **Figure 1**). In comparison, the entire healthcare and social assistance industry, the largest industry in terms of jobs and wages, provided approximately 70,000 jobs and paid roughly \$3.1 billion in wages.

The share of nonprofits has remained fairly steady over time as nonprofits have comprised nearly the same share of statewide establishments, employment, and wages since 2012.² The share of nonprofits in the Montana economy is slightly higher than the share of nonprofits in the U.S. According to estimates from the Bureau of Labor Statistics (BLS), 2012 employment in U.S. nonprofit organizations was 10.3% of total U.S. private sector employment, compared to 14.8% of Montana private sector employment.³

Figure 1: Nonprofit Employment, Wages, and Establishments

MONTANA NONPROFITS - 2012-2015



Source: Quarterly Census of Employment and Wages (QCEW). Internal Revenue Service's Exempt Organizations Business Master File Extract (EOBMF), pulled from IRS.gov in Nov 2016. Compiled by the Montana Department of Labor & Industry.⁴

Nonprofits by Industry

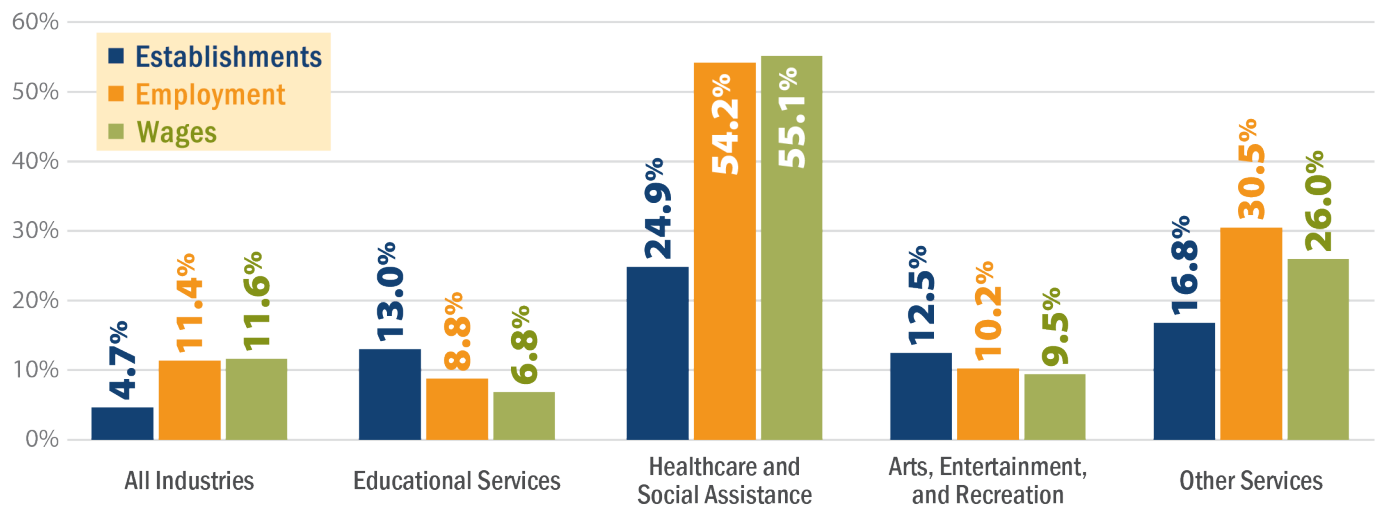
Although nonprofits are not a separate industry, it is interesting to look at them as if they were to get an idea of the size of their economic impact. **Figure 2** ranks the size of employment and wages of all nonprofits in comparison to employment and wages for all other (for-profit and government) establishments by industry. For example, the for-profit establishments in the retail trade industry make up 12.9% of employment and pay 8.9% of wages. All nonprofits make up 11.4% of employment and pay 11.6% of total wages.

This high contribution of nonprofits places them second in terms of employment and first in terms of wages in Montana. The high ranking of wages is rather significant as nonprofit employment tends to be viewed as providing low paying jobs. Despite that stereotype, 2015 average wages of nonprofits are approximately \$40,857, similar to the 2015 statewide average across all jobs. However, these wages are just an average and are highly dependent on industry and occupation.

Figure 2: Top 5 Industries by Share of Employment and Wages (2015)

Employment		Rank	Total Wages	
Percent	Industry		Industry	Percent
12.9%	Retail Trade	1	Nonprofits	11.6%
11.4%	Nonprofits	2	Public Administration	9.8%
11.3%	Accommodation and Food Services	3	Retail Trade	8.9%
8.1%	Public Administration	4	Health Care and Social Assistance	7.8%
8.0%	Educational Services	5	Educational Services	7.7%

Source: Quarterly Census of Employment and Wages (QCEW). Internal Revenue Service's Exempt Organizations Business Master File Extract (EOBMF), pulled from IRS.gov in Nov 2016. Compiled by the Montana Department of Labor & Industry.

Figure 3: Nonprofits as a Share of the Industry Total

Source: Quarterly Census of Employment and Wages (QCEW). Internal Revenue Service's Exempt Organizations Business Master File Extract (EOBMF), pulled from IRS.gov in Nov 2016. Compiled by the Montana Department of Labor & Industry.

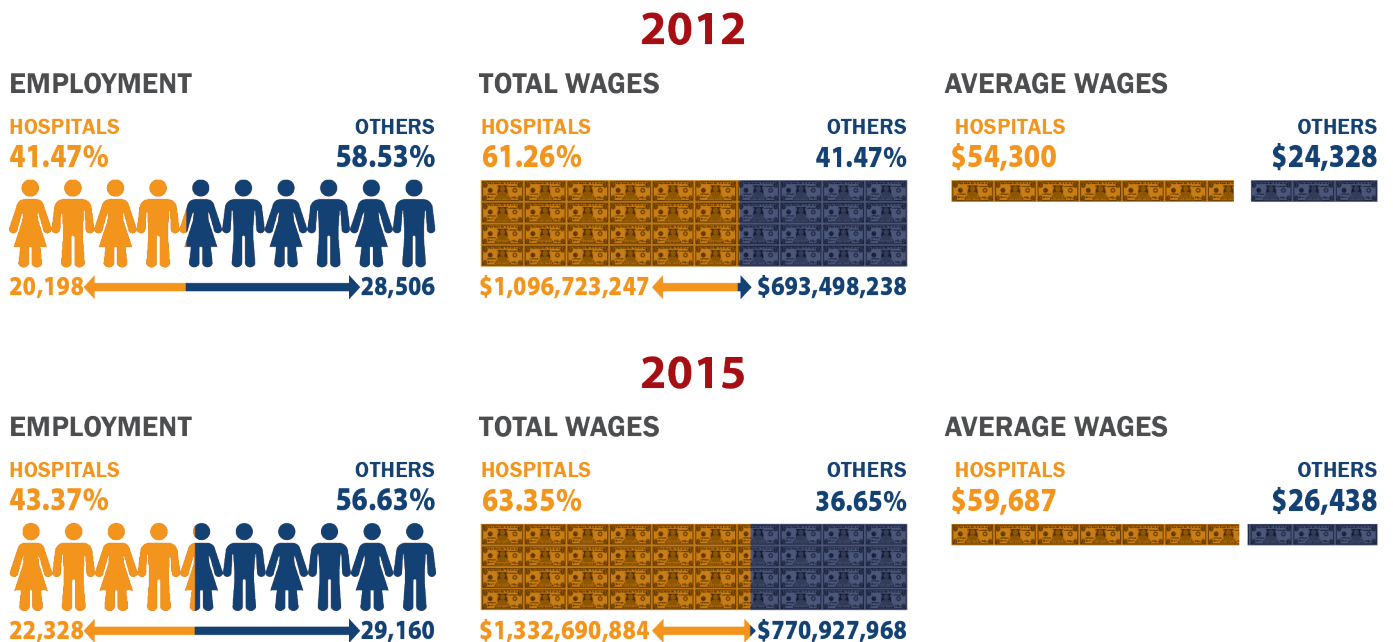
Montana's nonprofits have a presence in nearly all industries. They are found most often in the healthcare industry (25% of all healthcare establishments), the other services industry (17%), educational services industry (13%), and arts, entertainment, and recreation industry (13%). **Figure 3** shows the nonprofits share of establishments, employment, and wages in these four industries.

The healthcare and social assistance industry stands out as the industry with the highest share of nonprofit employment and wages. Nonprofits within this industry may include a wide range of establishments from home health care to clinics to public health organizations to hospitals to health research. Within the health care industry, nonprofit average wages are slightly higher than all other establishments average wages, by about \$1,700 annually. The overall high wages of nonprofits within the healthcare industry are due to hospitals nonprofit status and the high paying occupations that are a part of them.

In fact, the 130 nonprofit hospitals (including community health systems) push the average wage and employment data up significantly for all nonprofits. Hospitals share of establishments is 6% of all nonprofits but their share of employment is comparatively very high at 43% and their share of wages is even higher at 63%, as shown in **Figure 4**. On average, hospitals employ 170 people per establishment and pay an average wage of \$59,687, 46% higher than average wages for all nonprofits. Excluding hospitals, nonprofit average wages reduce significantly to \$26,438. Growth in healthcare, and therefore hospitals, will be worth paying attention to as hospitals tend to drive the overall trends of the economic benefits that nonprofits provide.

Another industry with a significant contribution from nonprofits is the educational services industry. Although **Figure 3** shows this industry has a small share of nonprofit employment, establishments, and wages, it is because most education is in government. Including only private

Figure 4: Hospitals Share of Nonprofit Employment and Wages



Source: Quarterly Census of Employment and Wages (QCEW). Internal Revenue Service's Exempt Organizations Business Master File Extract (EOBMF), pulled from IRS.gov in Nov 2016. Compiled by the Montana Department of Labor & Industry.

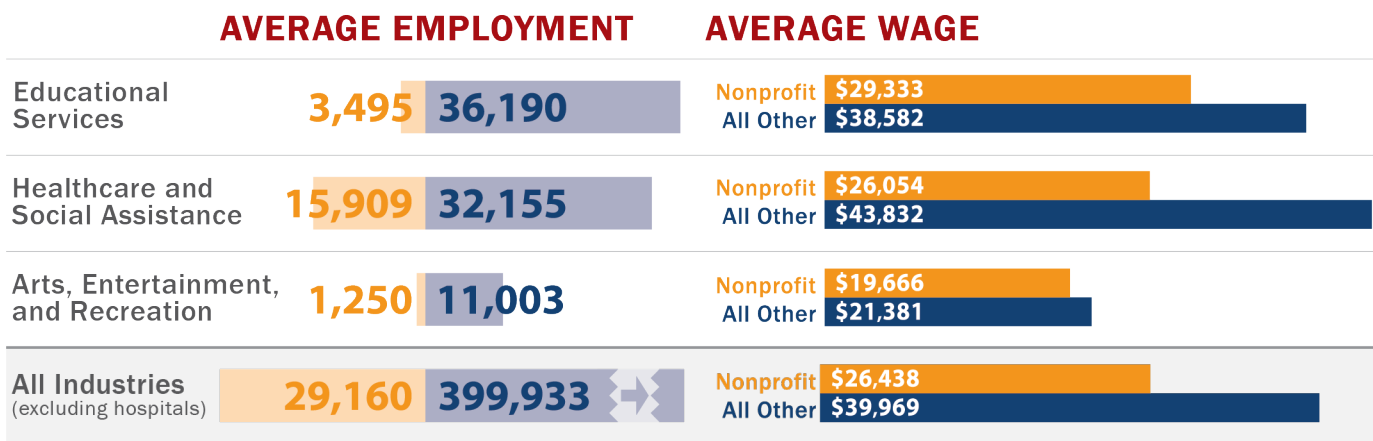
employment, the share of nonprofit educational employment rises to 55.1% and the share of wages increases to 56.2%. Nonprofits within this industry may include establishments such as private schools (from preschool to college) and professional societies.

As these industries continue to grow in Montana nonprofits will likely grow with it. For example, a report by the John Hopkins University found that between 2000 and 2010 the U.S. nonprofit sector grew at an average annual rate of 2.1% while the for-profit sector declined at an average annual rate of -0.6%. The study credited the growth of the nonprofit sector to the underlying industries that make up a large portion of nonprofits. These industries are healthcare, education, and social services, which have contributed significantly to U.S. employment growth over that time span at annual average rate of 2.7%. In comparison, the study found all other fields declined by -0.8%.⁵

Nonprofits excluding Hospitals

Because the few hospitals have a large effect on nonprofit statistics, it is important to look at nonprofits outside of these establishments. These nonprofits employ 56% of the remaining nonprofit employment (29,160 jobs) and pay 37% of remaining wages (\$771 million). They range from familiar big name organizations such as Big Brothers Big Sisters to smaller organizations operating within a local community such as organizations that provide ski instructions or organize art festivals. Depending on the organization, these non-hospital nonprofits may also include churches, food banks, youth outreach programs, recreational clubs and amateur sports, among many more.

When hospitals are removed, the remaining nonprofits better fit the stereotype of a nonprofit in terms of labor market statistics. The average nonprofit is small, employing less than 15 people

Figure 5: Average Wages and Employment of Non-Hospital Nonprofit Establishments and All Other (For-Profit and Government) Establishments for Select Industries, 2015

Source: Quarterly Census of Employment and Wages (QCEW). Internal Revenue Service's Exempt Organizations Business Master File Extract (EOBMF), pulled from IRS.gov in Nov 2016. Compiled by the Montana Department of Labor & Industry.

and paying just over \$26,000. Some nonprofit jobs within industries pay significantly lower than for-profit and government jobs. For example, the educational industry and the non-hospital portion of the healthcare and social assistance industry. For others, nonprofit jobs pay relatively similar wages to jobs outside of nonprofits, such as the arts, entertainment, and recreation industry. **Figure 5** shows average wages of nonprofits verse all other (for-profit and government) establishments for select industries.

Nonprofits within the arts, entertainment, and recreation industry include organizations already mentioned such as music and museums. This industry also includes recreation activities, youth development programs (such as camps), among many others. Because jobs in this industry outside of nonprofit have relatively low wages (\$21,381), it is no surprise that nonprofit employees within this industry also have low wages. Nonprofits within this industry pay only \$1,700 less a year than people employed elsewhere, suggesting it is the industry, rather than just the nonprofit, that


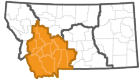


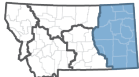
drives low wages for these employees. It is also possible that the arts, entertainment, and recreation industry relies more heavily on volunteers to keep their organization successful as this industry hires relatively few people, at approximately 7 employees per establishment.

Nonprofits within the educational services industry pay higher wages than the average nonprofit, at \$29,333. Within this industry are some PhD occupations, such as professors at private colleges, which may drive wages up. However, this industry still pays \$9,000 less, on average, than jobs outside of nonprofits.

Without hospitals, the healthcare and social assistance industry pays significantly less than all other jobs in healthcare. These remaining nonprofits are much smaller than the hospital establishments. Average employment per establishment is less than 20 people, compared to 170 in hospitals. However, this industry is still a major source of jobs in nonprofits, providing nearly 16,000 jobs.

Within nonprofits, average wages are more dependent on industry than location. Throughout the state, average wages range from \$24,320 to \$28,230, as shown in **Figure 6**. While nonprofit employment seems to be centered in the northwest and southwest region (59% of nonprofit employment), this is consistent with overall employment (56% of all employment is found in those two regions), suggesting that nonprofit establishments follow similar location patterns to the overall labor market.

Figure 6: 2015 Average Wages and Employment of Nonprofits (excluding hospitals)

		TOTAL EMPLOYMENT	AVERAGE WAGE
	NORTHWEST REGION	8,527	\$24,320
	SOUTHWEST REGION	8,652	\$27,791
	NORTH CENTRAL REGION	4,526	\$27,269
	SOUTH CENTRAL REGION	5,675	\$26,471
	EASTERN REGION	1,716	\$28,230

Source: Quarterly Census of Employment and Wages (QCEW). Internal Revenue Service's Exempt Organizations Business Master File Extract (EOBMF), pulled from IRS.gov in Nov 2016. Compiled by the Montana Department of Labor & Industry..

Conclusions

With nonprofits found all throughout the state, employing over 11% of all Montana's workers, and paying over 11% of total wages, it is apparent that nonprofits provide significantly to Montana's labor market. Nearly every industry has nonprofits working within them and every region has a relatively proportionate share of nonprofits compared to overall employment.

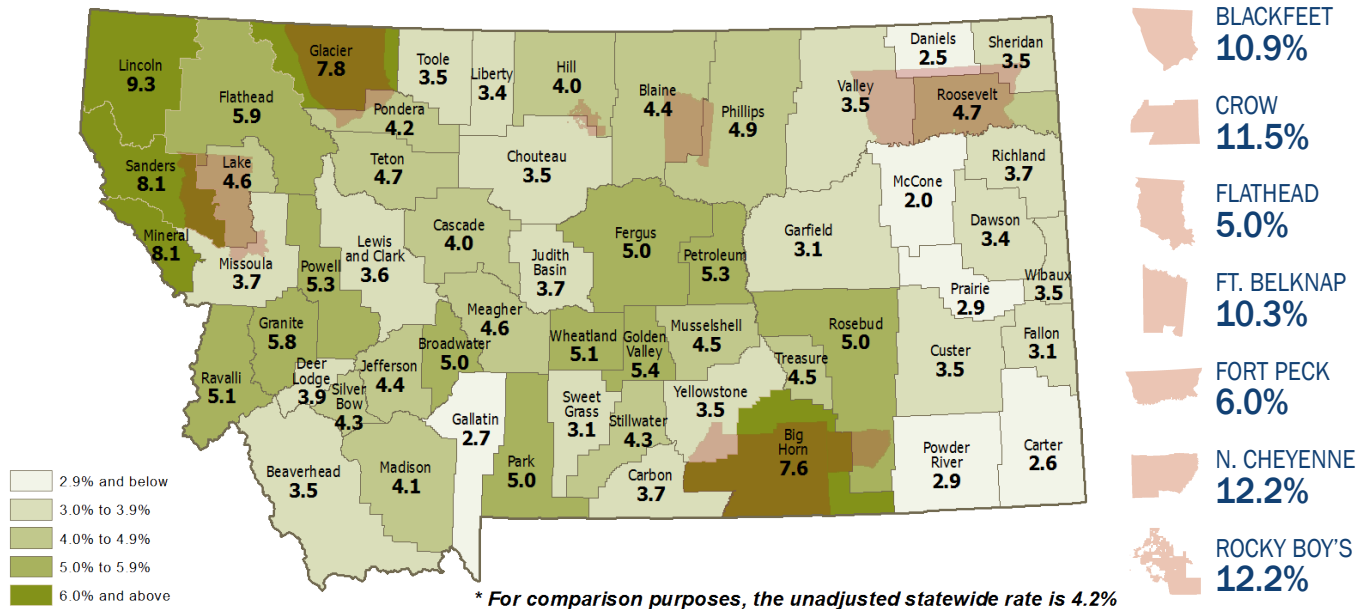
Average wages of all nonprofits are similar to the statewide average. Excluding hospitals, these establishments pay much less on average, but provide many jobs that are intended to provide a public benefit to the community and to the state. So the next time a cashier asks for an additional dollar to go towards the food bank, or a running event contributes a portion of the sign-up fee to a local recreational nonprofit, or the brewery donates a dollar of every beer consumed to a nonprofit health clinic, think of all the benefits, public and economic, that the extra dollar, race fee, or beverage is providing.

Endnotes

- ¹ For purposes of this article, nonprofits are defined as organizations in Montana that qualify as tax-exempt under section 501(c)(3) of the Internal Revenue Code. Although there are 28 other sections that nonprofits may be categorized into, most Montana nonprofits are organized as 501(c)(3).
- ² The EOBMF dataset is updated monthly and removes nonprofits from the list if they lose their non-exempt tax status. Therefore, nonprofits that ceased to exist in prior year are not included in the list of matched nonprofits.
- ³ The difference in the Bureau of Labor Statistics (BLS) estimate and the Montana Department of Labor & Industry (DLI) estimate is that the BLS includes only private establishments and the Montana Department of Labor & Industry includes private and public establishments. 2012 is the most recent data the BLS provides these statistics for. Summarized BLS data is found here https://www.bls.gov/opub/ted/2014/ted_20141021.htm
- ⁴ Data for nonprofit organizations are from the Internal Revenue Service's Exempt Organizations Business Master File Extract (EOBMF) found here <https://www.irs.gov/charities-non-profits/exempt-organizations-select-check>. Data was pulled November 23, 2016. This database does not include some churches, group ruling subordinates, and governmental units. The EOBMF was matched to the Quarterly Census of Employment and Wages.
- ⁵ Salamon, L., Sokolowski, S., and Geller, S. Holding the Fort: Nonprofit Employment During a Decade of Turmoil. John Hopkins University. http://ccss.jhu.edu/wp-content/uploads/downloads/2012/01/NED_National_2012.pdf

COUNTY AND RESERVATION UNEMPLOYMENT RATES – DECEMBER 2016

Not Seasonally Adjusted



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